

Message Text

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PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: FRENCH PRESS COVERAGE BLUMENTHAL VISIT

1. FRENCH PRESS COVERAGE FOCUSED AS MUCH ON SECRETARY BLUMENTHAL'S TALKS WITH CHANCELLOR SCHMIDT AS ON THE FINANCE MINISTERS' MEETING IN PARIS. AS FOR THE SCHMIDT TALKS, THE OVERALL TONE IS THAT FRG AUTHORITIES INSIST THAT A STRONGER GROWTH RATE IS NOT POSSIBLE AND THAT DIFFERENCES REMAIN IN THIS RESPECT, BUT THAT NO DIFFERENCE OF OPINION EXISTS ON THE OTHER SUBJECTS DISCUSSED--I.E., ENERGY POLICY AND MAINTENANCE OF A LIBERAL TRADING SYSTEM. AS FOR THE FINMIN MEETING, INITIAL REACTION FOCUSED ON THE FRANC, THEN ON THE WEAKENING TREND OF THE DOLLAR THE DAY FOLLOWING THE FINMIN MEETING, AND ON THE VIEW THAT A WEAKER DOLLAR WAS HELPING TO DISGUISE THE WEAKNESS OF THE FRANC. FINALLY, THAT SUCH INSTABILITY IN FOREX MARKET INCREASES PROTECTIONIST FORCES. ALAIN VERNAY IN
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FIGARO AND SOME OTHER ARTICLES REPEATED WELL-WORN FRENCH PRESS THEME THAT THE USG MONETARY AND EXCHANGE RATE POLICY WILL BE USED TO "DRAMATIZE THE SITUATION" AND "PREPARE PUBLIC OPINION" AGAINST ITS "RECALCITRANT ALLIES". THUS, THE USG WILL ONLY INTERVENELIGHTLY TO SUPPORT THE DOLLAR. THIS WOULD RISK INCREASING PROTECTIONIST PRESSURES, WHICH ACCORDING TO FRENCH

PRESS ARE RAMPANT IN THE U.S.

2. COMMENT: MUCH OF PRESS COVERAGE BLENDED DAILY EXCHANGE RATE CHANGES, PARTICULARLY FOR DOLLAR, WITH GENERAL COVERAGE, THEREBY IMPLYING A DIRECT CONNECTION BETWEEN THE VARIOUS MEETINGS AND THE DECLINE OF THE DOLLAR. THE NEED TO STABILIZE THE ECONOMIES OF FRANCE AND ITALY APPEARED IN SEVERAL STORIES AS ANOTHER REASON WHY THE USG WANTS THE FRG TO ACCELERATE ITS ECONOMY. THIS IS A NEW THEME, BUT THE FRENCH PRESS DID NOT REPORT OR SPECULATE HOW THE GOF ITSELF VIEWS THIS ASPECT. BLUMENTHAL PRESS CONFERENCE OF FEBRUARY 14 BEING REPORTED TODAY IN SEVERAL PAPERS. ON THE WHOLE, THE TONE OF FRENCH PRESS COVERAGE HAS NOT BEEN WORSE THAN USUAL INsofar AS ATTRIBUTING SINISTER MOTIVES TO USG FOREX POLICY IS CONCERNED AND GENERALLY MORE SYMPATHETIC TO THE FRG THAN TO THE U.S. IN TERMS OF FASTER ECONOMIC GROWTH, ALTHOUGH AS NOTED SEVERAL ARTICLES RELATED THIS ISSUE TO EURO-COMMUNISM AND THE POLITICAL SITUATION IN ITALY AND FRANCE.

MYERSON

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